

Message Text

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ORIGIN AF-18

INFO OCT-01 ISO-00 EB-11 L-03 SS-20 INR-10 SP-03 RSC-01

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DRAFTED BY AF/C:WSIEFKEN:LAR

APPROVED BY AF/C:APALMER

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TO AMEMBASSY KIGALI PRIORITY

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E.O. 11652:N/A

TAGS:EGEN

SUBJECT: WERTHEIM TEA INVESTMENT PROPOSAL

REF: KIGALI 333, 334

1. AS YOU AWARE, CHICKEN AND EGG SITUATION PRESENTLY EXISTS CONCERNING WERTHEIM PROPOSAL FOR FINANCING. WERTHEIM CANNOT GIVE ASSURANCE OF ADEQUATE FINANCIAL PACKAGE UNTIL IFC GIVES APPROVAL. IFC WILL NOT CONSIDER THE PROJECT UNTIL GOR PROVIDES REQUEST TO IFC FOR THEIR CONSIDERATION OF WERTHEIM PROPOSAL. GOR DOES NOT WISH TO PRESENT THAT REQUEST UNTIL THEY ARE ASSURED OF ADEQUATE FINANCIAL PACKAGE EXISTS FOR WERTHEIM PROPOSAL WHICH BRINGS US FULL CIRCLE. AS YOU NOTED, POSSIBILITY FOR CDC OR FED COOPERATION WITH WERTHEIM IS ABOUT ZERO. THEREFORE IT APPEARS THAT WHAT IS DEVELOPING IS CDC PROPOSAL TO GOR FOR COOPERATION WITH RWANDAN DEVELOPMENT BANK WITH PROBABLE FED PARTICIPATION ALSO. WERTHEIM WOULD BE EXCLUDED. WERTHEIM HAS ADEQUATE FINANCING IF IFC PARTICIPATES.

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2. SITUATION HERE IS ROUGHLY AS FOLLOWS. DESK HAS INFOR-

MALLY RAISED POSSIBILITY WITH AID OF THEIR PARTICIPATION IN WERTHEIM PROJECT. THERE ARE APPARENTLY TWO POSSIBILITIES FOR AID PARTICIPATION, BUT NO REAL DISCUSSION CAN TAKE PLACE PRIOR TO RETURN OF GRIFFITH AROUND END OF JUNE. CONCERNING OPIC, INITIAL RESPONSE TO DESK APPROACH TO THEM

WAS POSITIVE, AND WE WILL BE DISCUSSING IT DURING NEXT WEEK. IFC INFORMALLY TOLD DESK THAT IF AID OR OPIC PARTICIPATES IN PROJECT, CHANCES WOULD BE VERY GOOD FOR THEIR PARTICIPATION. IF NOT, AND IN VIEW OF MINIMAL WERTHEIM INVESTMENT, CHANCES DO NOT LOOK GOOD. HOWEVER THEY WOULD EXAMINE PROPOSAL ON BASIS OF GOR REQUEST.

3. WERTHEIM WILL BE ATTENDING ROME FAO CONFERENCE 16-19 JUNE. SUBSEQUENTLY, HE WILL BE IN LONDON FOR CONVERSATIONS WITH CDC FROM 20-26 JUNE. HE MAY BE ABLE SEE RIBANJE, FED, ETC. DURING HIS VISIT. THEREFORE PENDING RETURN OF WERTHEIM AND GRIFFITH, DESK WILL TALK WITH OPIC AND TRY TO OBTAIN AS MUCH INFORMATION AS POSSIBLE CONCERNING POSSIBLE AID PARTICIPATION.

4. CONCERNING RIBANJE'S MAY 31, LETTER TO YOU (COPIED TO WERTHEIM), WERTHEIM IS SENDING A CABLE TO RIBANJE TELLING HIM THAT HE WILL BE IN ROME FOR THE CONFERENCE AND ASKING IF RIBANJE WISHES TO SET UP A JOINT MEETING WITH WERTHEIM AND THE FED. WHEN WERTHEIM RETURNS, HE SHOULD HAVE A FIRM IDEA WHERE HE STANDS VIS-A-VIS THE FED, CDC, AND GOR. IF HE HAS NOT REACHED AN AGREEMENT WITH THEM AND IF HE WISHES TO COMPETE WITH WHATEVER PROPOSAL THE CDC MAY MAKE, WE WILL TRY TO GET AID OR OPIC INTO THE ACT. MONEY IS NOT THE PROBLEM. ADEQUATE FINANCING EXISTS IF THE RDB, IFC, OCIR/TEA AND WERTHEIM EACH LIVES UP TO THEIR PART. THE FINANCIAL INPUT FROM AID OR OPIC WOULD NOT HAVE TO BE THAT GREAT, IT WOULD SIMPLY SERVE AS THE INSURANCE NEEDED TO BREAK THE DEADLOCK.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEA, INDUSTRIAL PLANTS, FOREIGN INVESTMENTS, PROGRAMS (PROJECTS), DEVELOPMENT LOANS, PROPOSALS (BID)
Control Number: n/a
Copy: SINGLE
Draft Date: 12 JUN 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE124923
Document Source: CORE
Document Unique ID: 00
Drafter: WSIEFKEN:LAR
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740152-0231
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740651/aaaabrli.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: STADIS
Reference: KIGALI 333, 334
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 23 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 MAY 2002 by shawdg>; APPROVED <20 FEB 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WERTHEIM TEA INVESTMENT PROPOSAL
TAGS: EGEN, EFIN, EIND, US, RV, WERTHEIM TEA IMPORTERS INC, (WERTHEIM)
To: KIGALI
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005